

SENATE BILL 1391

By Haynes

AN ACT to amend Tennessee Code Annotated, Title 7,
Chapter 4; Title 7, Chapter 53 and Title 7, Chapter
88, relative to governmental functions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-4-101, is amended by adding the following language as a new, appropriately designated subdivision:

(11) Terms used in this chapter that are not otherwise defined shall have the same meaning ascribed to them in chapter 88 of this title 7.

SECTION 2. Tennessee Code Annotated, Section 7-4-102(b), is amended by designating the existing language as subdivision (b)(1).

SECTION 3. Tennessee Code Annotated, Section 7-4-102(b), is further amended by adding the following new language, to be designated as subdivisions (b)(2) and (b)(3):

(b)

(2) The metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census is hereby authorized to impose an additional one-percent increase to the privilege tax authorized pursuant to subdivision (b)(1). Except as otherwise in subdivision (b)(3), such increase shall be deposited into a metropolitan government fund entitled "the convention center fund" and shall be used for the purpose of paying costs incurred in modification or construction of a publicly-owned convention center in excess of four hundred million dollars (\$400,000,000) in costs located within the territory of the metropolitan government. The tax so imposed is a privilege tax upon the transient occupying

the room of a hotel located within the territory of the metropolitan government. Such ordinance shall include provisions to reflect the intent and effect of this subdivision (b)(2).

(3) If there has been designated within such county a secondary tourist development zone, then all of the proceeds of the additional one-percent increase to the privilege tax authorized pursuant to subdivision (b)(2) which are derived from such secondary tourist development zone shall be deposited in the general fund of the county in which such secondary tourist development zone is located.

SECTION 4. Tennessee Code Annotated, Section 7-4-110, is amended by deleting the section in its entirety and by substituting instead the following:

§ 7-4-110.

(a) Except as otherwise provided in subsection (d), until the metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census approves an ordinance to impose an additional one-percent increase to the privilege tax authorized pursuant this act, the proceeds from the tax authorized to be levied pursuant to this chapter shall be retained by the metropolitan government and distributed as follows:

(1) One third (1/3) of the proceeds of the tax authorized to be levied in § 7-4-102(a)(1) and all of the proceeds of the tax authorized to be levied in § 7-4-102(a)(2) shall be used for the direct promotion of tourism as defined hereafter and as approved by the tourism commission created under this chapter;

(2) One third (1/3) of the proceeds of the tax authorized to be levied in § 7-4-102(a)(1) and all of the proceeds of the tax authorized to be levied in §

7-4-102(b)(1) shall be placed in a reserve fund for the eventual replacement of the convention center in existence on the effective date of this act; and

(3) One third (1/3) of the proceeds of the tax authorized to be levied in § 7-4-102(a)(1) shall be deposited in the general fund.

(b) Except as otherwise provided in subsection (d), when the metropolitan council in a county having a metropolitan form of government which has a population in excess of five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census approves an ordinance to impose an additional one-percent increase to the privilege tax authorized pursuant to this act, the proceeds from the tax authorized to be levied pursuant to this chapter shall be retained by the metropolitan government and distributed as follows:

(1) One third (1/3) of the proceeds in its entirety shall be used for the direct promotion of tourism and as approved by the tourism commission created under this chapter;

(2) One half (1/2) of the proceeds in its entirety shall be maintained in a reserve fund to be used exclusively for the purpose of modifying, constructing, financing and operating such a convention center; and

(3) One sixth (1/6) of the proceeds shall be deposited in the general fund of the metropolitan government.

(c) If the total tax collections received pursuant to this section and dedicated to the purposes contained in subsections (a) and (b) exceed the amounts necessary to fund the contracts thereunder, the excess shall be placed in a reserve fund to the credit of the tourist commission and shall be expended as approved by the tourist commission but only for the direct promotion of tourism.

(d) If there has been designated within such county a secondary tourism development zone, then one third (1/3) of the proceeds of the privilege tax authorized pursuant to this chapter, other than by § 7-4-102(b)(2), which are derived from such secondary tourism development zone shall be paid to the county for deposit in its general fund, but only to the extent that same exceeds the sum of: (1) One third of the proceeds of the tourist accommodation tax from such secondary tourism development zone for the year 2006, plus; (2) Three percent (3%) of the amount of subdivision (d)(i) for the immediately preceding year (i.e., in 2007, three percent (3%) of such revenues for 2006; in 2008, three percent (3%) of the amount so calculated for 2007; etc.).

SECTION 5. Tennessee Code Annotated, Section 7-53-101(11)(B)(i), is amended by inserting the following language after the word "hotel" in each place that such word appears:

, including any conference or convention center facilities related to such hotel

SECTION 6. Tennessee Code Annotated, Section 7-53-302(a)(4), is amended by deleting the following words:

provided, that no hotel, motel or apartment building shall be purchased or otherwise acquired by a corporation under the provisions of this subdivision (4) after July 1, 1988, except that this proviso shall not affect the development or financing of any project that is located in a center city area or in a central business improvement district and that involves an apartment or residential building, hotel, motel or any project acquired prior to July 1, 1988, regardless of when such project is completed, nor shall this proviso be construed to impair, limit, obligate or modify the contractual rights and obligations that any such corporation assumes with the issuance of any bonds, notes or other forms of indebtedness or any other contract, nor shall this proviso apply to any hotel listed

on the National Register of Historic Places acquired by the corporation prior to December 31, 1989;

SECTION 7. Tennessee Code Annotated, Section 7-88-103(4), is amended by changing the semi-colon to a comma at the end of the subdivision and adding the following language:

including a county with a metropolitan form of government;

SECTION 8. Tennessee Code Annotated, Section 7-88-103(5), is amended by inserting immediately after the language ", title 12, chapter 10;" the following:

or an industrial development corporation organized pursuant to the provisions of title 7, chapter 53;

SECTION 9. Tennessee Code Annotated, Section 7-88-103(7), is amended by inserting immediately after the language ", title 12, chapter 10," the following:

or title 7, chapter 53,

SECTION 10. Tennessee Code Annotated, Section 7-88-103(7), is further amended by inserting immediately after the language "that requires:" the language "(A)", by changing the period at the end of sentence to a comma and by adding the following:

or (B) On or after January 1, 2007 a local investment of public or private funds of not less than two hundred million dollars (\$200,000,000);

SECTION 11. Tennessee Code Annotated Section 7-88-103, is amended by adding the following language as a new, appropriately designated subsection:

(10) "Secondary tourist development zone" means a tourist development zone that is located more than three (3) miles from the county courthouse.

SECTION 12. Tennessee Code Annotated Section 7-88-106(b), is amended by deleting the subsection it in its entirety and by substituting instead the following:

(b) Except as otherwise provided in subsection (c), tax revenue distributed to the municipality shall be for the exclusive use of the municipality or the public authority formally designated by the municipality, in accordance with the provisions of title 9, chapter 21, title 12, chapter 10, or title 7, chapter 53 for payment of the cost of the qualified public use facility, including interest and debt service on any indebtedness related to the qualified public use facility, and shall apply to only one (1) tourism development zone per municipality. The apportionment and payment shall be made by the department of revenue to the municipality within ninety (90) days of the end of each fiscal year for which the municipality is entitled to receive an allocation and payment pursuant to this chapter. Notwithstanding the provisions of this subsection (b), the municipality having a metropolitan form of government with a population of more than five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census, shall not be limited to one (1) tourist development zone eligible to receive a distribution of tax revenue.

SECTION 13. Tennessee Code Annotated Section 7-88-106, is amended by adding the following language as a new, appropriately designated subsection:

(c) If there has been designated within such municipality a secondary, tourist development zone, then the incremental increase in state and local use tax revenue derived from the sale of goods, products and services within such secondary tourist development zone in excess of bases tax revenues, excluding any increase in the state ate for sales and use tax, shall be paid to the municipality for deposit in its general fund.

SECTION 14. Tennessee Code Annotated Section 7-88-108(d), is amended by deleting the subsection in its entirety and by substituting the following:

(d) Except as otherwise provided in subsection (f), the apportionment and distribution of state and local sales and use taxes to the municipality, as provided in this

chapter, shall commence at the beginning of the fiscal year in which the state building commission approves the application, or the beginning of the fiscal year in which the facility opens for public use, whichever is later.

SECTION 15. Tennessee Code Annotated Section 7-88-108, is amended by adding the following language as a new, appropriately designated subsection:

(f) If there has been designated within such municipality a secondary tourist development zone, then the apportionment and distribution of state and local sales and use taxes to the municipality, as provided in § 7-88-106(c), shall commence at the beginning of the fiscal year in which the state building commission approves the application and the public authority has incurred debt to finance construction of the qualified public use facility within such zone.

SECTION 16. This act shall take effect upon becoming a law, the public welfare requiring it.